



May 28, 1958

Subject: Quotation on Five Additional U-2 Aircraft.

Reference: LAC letter dated 1 May 1958, subject as above.

Dear [redacted]

During your recent visit here on 27 May, we discussed the final details on construction of five U-2 type aircraft built with certain existing spare parts and the required new elements. Lockheed was given a verbal go-ahead to proceed with the construction of the five airplanes.

A revision to the original quotation outlined in the above reference is required to correct for configuration changes and the requirement to replace certain spares which would be used in building the five airplanes. The price corrections are indicated below:

QUOTE ON FIVE AIRPLANES

Original price for 5 airplanes	\$ 1,500,000
Delete ground handling equipment	<u>-30,000</u>
Total	\$ 1,470,000

Increase due to making more required assemblies (Attachment 1)	<u>288,000</u>
	\$ 1,758,000

Added Work Load:

1. APQ-56 (GFE radome & equipment)	6,200
2. KWM Collins Radio (GFE)	8,540
3. VHF portable radio (CFE-Skycrafter Model TRV-22) 6 @ \$300	1,800
4. Power "J" box - 6 @ \$250	1,500
5. T2V ejection seats - 5 @ \$2000	<u>10,000</u>

Revised Total Price	\$ 1,786,040
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 Proposal Sec:
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The ground handling list appended to the reference letter was revised to delete all elements except five each GH-87 adapter-starter parts and five sets of GH-151 ballast. The price of \$288,000, shown on page one, for additional assemblies is more than that computed by Air Force personnel, who took the costs on the same items from Contract 1914. These costs do not apply, as they do not reflect the following items:

1. Set-up of tooling, which was already in place to build the actual U-2 articles for Contract 1914.
2. Increased labor rates. These rates are more than \$1.00 per hour higher in the Burbank area today than they were in the Bakersfield area during construction of the original spares for Contract 1914.
3. Personnel turnover, requiring construction of the new spares at a higher point on the learning curve.
4. Profit of some \$17,000.

Attachment 1 shows the total major assemblies to be constructed for the price of \$288,000 quoted above. This list was reviewed by you and contractor personnel on 27 May.

Taking 2 June as the go-ahead date for the above program, the first airplane will be delivered to the Air Force at Burbank, to be flown to Muroc for assembly and production flights, on 2 December 1958. It will probably take several weeks to re-assemble and production test the first airplane before having it available to fly away to an Air Force base, as required. All five airplanes will be completed out of Burbank by 10 March 1959. It is assumed that the usual C-124 transport system will be used between Burbank and the assembly point.

Very truly yours,

Clarence L. Johnson
Vice President
Advanced Development Projects

CLJ:vmp
Attachment

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TOTAL MAJOR ASSEMBLIES TO BE CONSTRUCTED

<u>ITEM NO.</u>	<u>PART NO.</u>	<u>NOUN</u>	<u>PROCUREMENT REQUIRED</u>
1	W-182-L	Aileron, Left Hand	5
2	W-182-R	Aileron, Right Hand	5
45	F-180	Cone, Tail Fuselage	3
70	F-141-L	Door, Operating MLG, LH	3
71	F-141-R	Door, Operating, MLG, RH	3
85	E-53-L	Elevator Assy., LH	3
86	E-53-R	Elevator Assy., RH	4
119	E-19	Fin Assy	3
129	F-105-8L	Flap Assy, Speed Brake	4
130	F-105-8R	Flap Assy, Speed Brake	4
131	W-52-L	Flap, Wing, LH INBD	3
132	W-52-R	Flap, Wing, RH INBD	3
133	W-61-L	Flap, Wing, LH OUTBRD	3
134	W-61-R	Flap, Wing, RH OUTBRD	2
135	W-62-L	Flap, Wing, LH #3	2
136	W-62-R	Flap, Wing, RH#3	2
137	W-63-L	Flap, Wing, LH #2	2
138	W-63-R	Flap, Wing, RH #2	2
146	F-88	Hatch Assy, Equip Bay	3
147	F-145	Hatch Assy, Equip Bay	5
195	E-7	Stabilizer Assy	3
197	F-127-L	Structure Assy, Scoop	5
198	F-127-R	Structure Assy, Scoop	5
202	L-1-4	Strut Assy, Landing MG	4
203	L-3-3	Strut Assy, Landing TG	3
209	F-115-L	Tank, Fuel Sump LH	2
210	F-115-R	Tank, Fuel Sump RH	5
211	W-8-L	Tip Assy, Wing, LH	3
212	W-8-R	Tip Assy, Wing, RH	3